

CORRECTED FISCAL NOTE

SB 2659 - HB 2553

March 15, 2004

SUMMARY OF BILL: Provides for a special allocation of the state sales tax to *property owned by the Tennessee Valley Authority over which an easement has been given to the state of Tennessee and the state has leased its rights to a county for development.*

ESTIMATED FISCAL IMPACT:

Based upon information obtained by the Fiscal Review Committee, no sales tax is being collected in conjunction with the land specified in this bill. Therefore, any sales tax collected and shifted in the future would be forgone revenue as a result of this bill. The original fiscal note did not reflect the fact that this revenue would be forgone; therefore, the estimated fiscal impact is as shown below:

(Corrected Fiscal Note)

Other Fiscal Impact - In the future, this legislation would shift an unknown forgone amount of state sales taxes from the general fund, education fund, and municipal fund to a special fund to finance development in areas specified in the bill. No sales tax is currently collected in the affected area. It can reasonably be estimated that the forgone funds shifted would exceed \$500,000 annually. Because such property is not currently producing any sales tax revenue, any future revenue subject to a shift would be forgone revenue rather than a decrease in revenue.

Estimate assumes there would be a one-time cost of \$8,250 to the Department of Revenue for software changes necessary to implement the provisions of this bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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